

**THE “BUSINESS” OF USER FEES: A SUPERIOR REVENUE SOURCE FOR FIRE
AND EMERGENCY MEDICAL SERVICE AGENCIES**

Fire Service Financial Management

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**An applied research project submitted to the National Fire Academy
as part of the Executive Fire Officer Program**

November 1998

ABSTRACT

This research project reviewed alternative funding for fire and emergency medical service agencies, and specifically user fees as a superior revenue source to supplement traditional tax revenues. The Westminster Fire Department was considering expanding its user fee program in anticipation of a downturn in sales tax revenue. The problem was that before expanding fees or implementing new ones the department needed a better understanding of user fees and what type of fees have been successful in other fire departments.

The purpose of this research is to define user fees, evaluate related benefits and concerns of fee-based services, determine types of fees assessed by other fire departments, and decide whether the Westminster Fire Department should expand its user fee programs. Descriptive and evaluative research was used to answer the following research questions:

1. What are user fees and what types are other fire departments charging their customers?
2. What are the benefits and problems associated with user fees?
3. What steps can be taken to “sell” these fees to the decision-makers, the public, and the employee group?

The research methodology consisted of a literature review of fire service and government publications in order to define user fees and associated benefits and concerns. A survey was also conducted of fire departments in Colorado to ascertain what types of fee-based services were in place.

The major findings of this research clearly answered the research questions and generated ideas that the author will use to propose expanding current and new fees that provide a higher level of service to Westminster customers. Specific recommendations will be re-inspection and false fire alarm fees to gain compliance with codes and service requirements. Additionally, the department will evaluate a non-emergent interfacility ambulance transport program as a new service at the request of the City Manager.

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INTRODUCTION

The “business” of government has changed dramatically over the last few years. For many government agencies the only thing that has remained constant *is continuous change*. Many of these changes originated in business and then spilled over to government. In the private sector customers have come to expect a certain level of service and this expectation has also migrated to the public sector. Terms such as customer service, empowerment and total quality management have become common in both business and government alike.

Generally, these changes have been positive for both the public and private sectors. They have made government more accountable, more user-friendly, and raised service levels. Many governments, especially at the local level have added new and innovative services in response to customer requests and from ideas generated from empowered employees. Another viewpoint by Kemp (1991) is “The magnitude and momentum of these changes will influence the types of public services provided in the future – how they will be financed and how well they will meet the citizens’ needs” (p. 48). This has been evident by the many government agencies that have already been doing “more with less” but still continue to add services for their citizens, stretching existing resources to make everything fit. For other agencies that have been blessed with a good economy; population and economic growth have also increased the demand for service.

The Westminster Fire Department has experienced both of these scenarios over the last few years. Whether in lean or prosperous times customer service has continued to improve and expand with minimal budget increases. Currently the

department is enjoying a comfortable level of prosperity due to numerous years of growth and a strong local economy. However, a new shopping mall under development in a neighboring city is anticipated to siphon away 10-15% of the city's sales tax revenues – a major source of income. In anticipation of this projected downturn in tax revenue Westminster has been exploring various ways to offset the revenue loss. The City Manager has directed departments to brainstorm ideas to counteract this downturn, while hopefully maintaining existing services.

One area that the fire department has been considering is an expansion of fees the department charges and to identify new fees that are acceptable to City Administration, City Council and Westminster citizens. Current department fees are mainly related to ambulance transport and fire prevention activities but there is a desire to look for different and innovative ways to supplement the city revenue base. The problem was that before expanding fees or implementing new ones the department needed a better understanding of user fees and what type of fees have been successful in other fire departments.

The purpose of this research is to define user fees, evaluate related benefits and concerns of fee-based services, determine types of fees assessed by other fire departments, and decide whether the Westminster Fire Department should expand its user fee programs.

Descriptive and evaluative research was used to answer the following research questions:

1. What are user fees and what types are other fire departments charging their customers?

2. What are the benefits and problems associated with user fees?
3. What steps can be taken to “sell” these fees to the decision-makers, the public, and the employee group?

BACKGROUND AND SIGNIFICANCE

Like most cities, Westminster gains the majority of its revenue through various forms of taxes. While the trend across the country has been an anti-tax sentiment, Westminster has enjoyed a level of success from its citizens in approving new taxes. However, the city was surprised when a recent admissions tax (for entertainment venues) that was slated for public safety was defeated by a 2 - 1 margin at the polls. Many state and local governments have enacted a variety of tax limitation measures that limit the ability of communities to raise taxes or spend excess revenue. In 1992, Colorado enacted the Taxpayer's Bill of Rights (TABOR), “the most restrictive revenue and spending limit placed upon state and local governments in the nation (Jacobs, 1998, p. J1). Since adoption, Colorado government agencies have struggled to meet the requirements of the amendment and still provide a high level of service.

During the 1980's, The Westminster Fire Department was operating under the “more with less” philosophy, and trying to provide the highest level of service with a lean staff. This philosophy carried over into the 1990's even though the department has enjoyed a sizable amount of economic prosperity fueled by a dramatic increase in growth and economic development. Over these two decades the department has been very progressive in offering new and innovative services with minimal budget increases.

Economic development has always been important to local government but in light of tax limitations, it has become even more popular as a way to increase revenue

without having to go to the voters. Like many cities, Westminster has touted economic development as a way to bring in new taxes and increase revenue for services. The last few years the City has been very successful in this effort. Many new businesses have moved to the City and many existing businesses have expanded in light of a robust economy. Increased population growth has accompanied this economic prosperity spurring an annual population increase of 3-5% over the last few years.

Besides growth, changing demographics have also effected services. An increase in the aged population and short-term transient population increases due to entertainment and shopping venues have increased strain on departmental services. This strain is evident in employee workload, whether through a higher number of calls for service or a greater demand on the fire prevention bureau to keep up with plan review and inspection loads.

As a way to address some of this demand the Westminster Fire Department has been exploring new ways to generate revenue to continue meeting existing service demands and provide for the future. While researching various types of alternative funding, the idea of expanding user fees seemed a good way to increase revenue and also provide a level of to citizens. While a majority of citizens pay taxes for city services including fire and rescue, only a minority actually uses these services. User fees allow customers to pay for the services they use and allow the department to expand into services that more citizens may enjoy. In addition, since the department was already charging some fees and had a billing procedure in place, user fees would be a quick method of offsetting the anticipated revenue decline.

The majority of Westminster's revenue comes from sales tax, with the Westminster Mall being the largest contributor. A neighboring community has begun construction on a new mall that is anticipated to siphon away approximately 10-15% of Westminster's sales tax revenue. With the recent rejection at the polls of the admissions tax, new fees may need to offset this anticipated revenue loss in order to maintain the services that Westminster citizens expect.

This research is intended to allow the author a better understanding of user fees in order to access current departmental fees, compare them with fees from other fire departments, and decide on any new or expanded fees. In addition, the research will look for which fees are more acceptable and the best way to enact these fees. This research project relates to Unit VII of the Fire Service Financial Management course presented at the National Fire Academy. The unit discussed alternative funding for fire departments, including user fees as a way to supplement traditional revenue sources.

LITERATURE REVIEW

When California voters passed Proposition 13 in 1978 they started a tax limitation movement that spread throughout the country. To some this was a surprise, but according to the National Fire Academy Fire Service Financial Management textbook it was actually a predictable outcome of three economic conditions.

First, a major expansion of local government services caused expenditures to increase 564 percent from 1959 to 1970. Second, federal financial assistance declined 67 percent from 1979 to 1989. Finally, local governments placed too great a burden on their primary revenue source – the local property tax (FEMA, 1997).

Colorado joined the movement in 1992 when voters passed the TABOR Amendment which, limits increases in revenue and spending to a formula based on inflation plus population growth. Since its passage various jurisdictions have waffled between a fear of fiscal crisis, finding ways to get around the limitations, or working to secure other types of funding.

The fire service has not been immune to tax limitation and has had to learn to operate within the confines of these laws and budget limitations. Dipoli (1997) states:

Although the impact of these restrictions were minimal at first, the drive to constrain government spending continues to create hardship for fire and emergency service agencies. With the fire service facing the same increases in cost for personnel, equipment, facilities and the general delivery and administration of services, similar to other government agencies, there is a constant pressure to find sources for new funds (p.10).

Many fire departments have found these new funds by developing superior revenue sources through various types of alternative funding. The Fire Service Financial Management textbook states:

In addition to providing a positive cash flow, the superior source of revenue promotes equity, encourages efficiency, raises morale, gathers public/political support, rewards behavior that contributes to the quality of life, and discourages injurious behavior, while remaining consistent with the fire department's mission (FEMA, 1997,p. SM 7-3).

There are numerous types of alternative funding mechanisms that the fire service has utilized in recent years. Sources such as fundraising, grants, investments, cost

sharing, lease/purchasing, subscriptions, impact fees and probably the most common – cost recovery or user fees. This research will focus mainly on user fees in order to answer the research questions.

User Fees Defined

The research showed that user fees can be defined in many ways, however a common one expressed by Berman (1997) is, “voluntary payments based on an individual’s consumption of goods and services” (p.68). The Government Finance Officers Association Catalog of Public Fees and Charges defines user fees as “beneficiary charges as payments made by consumers in direct exchange for service received” (Withers, 1994, p. 3). User fees are meant to be a form of cost recovery for services and not for profit making. Normally they will not pay for the service entirely but will enable the agency to continue offering the service based on the supplemental revenue generated. Berman (1997) finds that “Since the mid 1970’s, user fees have become so popular that three-quarters of local governments in the United States and a number in Canada have adopted them in one form or another” (p. 68).

Fee Types

The popularity of user fees has spawned a large variety of fees collected by government agencies.

The concept of charging a fee for the prevention and suppression of a fire is not new. The insurance companies we know today evolved from the prevention of fire losses. Being insured meant property owners paid a fee to insure that fire protection would be provided when needed. (Manion, 1996, p. 6).

Today, departments have gone beyond the traditional firemark (a symbol denoting insurance membership) used during Ben Franklin's time. The United States Fire Administration in its book, *A Guide to Funding Alternatives for Fire and Emergency Medical Service Departments* lists the following as the more common fees charged by fire and emergency medical service agencies (FEMA, 1993).

- Fire prevention fees i.e. permit fees, inspection fees, plans review fees and false alarm fees
- Emergency Medical Service (EMS) and transport fees
- Fire suppression and rescue fees
- Cost recovery for routine fire and hazardous materials response
- Standby and fireguard fees
- Special services
- Training fees

The literature review revealed the most popular form of user fees is for fire prevention activities. Permit fees are usually related to administrative costs associated with new and remodeled construction projects, and for many unsafe processes such as controlled burns, fireworks, welding, flammable liquid storage, etc. Fire departments usually have legal authority to assess these types of fees under a section in their fire code.

For a number of years, fire inspection fees have probably been the most common fire prevention fee. According to the United States Fire Administration "inspection fees have long been used by fire departments to offset prevention costs, and are well-accepted" (FEMA, 1993, p. 22). These continue to be popular as a

revenue source and as a way to gain compliance under the fire code. Inspection fees can however, act as a “double-edged sword”. The willingness to correct violations by the occupant during the inspection has increased among those charging fire inspection fees. There was however, some concern that inspection fees can harm the relationship the department has with the business community and may have a negative effect on the fire prevention program (Godwin, 1995). This concern has prompted many to be more in favor of charging for re-inspections than initial inspections. “Charging a fee for these services may only increase resistance to regular inspections. However, it may be wise to begin charging for the increasing numbers of re-inspections” (Wenke, 1995, p. 16). Dean (1995) suggests that “Fees charged for inspections that are required by the department or municipality may cause some political or legal problems, however fees for re-inspections are quite different” (p. 5).

Fees associated with false fire alarms are also popular because of their compliance value. Similar to fees that police departments’ charge for responding to false burglar alarms, the fire service has begun to address concerns over the amount of false alarms responses. Oak Brook, Illinois a highly commercialized village in the metropolitan Chicago area found that out of 600-700 calls per year to alarms systems, more than 80% were false (Nielsen, 1995). “Each false alarm response created some danger for the public and the firefighters. Valuable resources are used unnecessarily, and the units are not available for actual fires or other calls”(FEMA, 1993, p. 55). Charging a fee for these types of responses helps address the concern of alarm system maintenance and provides safety for firefighters and the public. Most agencies that

charge this fee allow businesses a set number of false alarms per month or year before they incur any charges.

New codes and economic prosperity has required fire departments to spend a great deal of time reviewing fire protection plans for existing or new construction. Plan review fees have been developed to offset this time requirement and are usually based on square footage. These fees can reach into thousands of dollars for large commercial occupancies.

A limited number of agencies have started charging for public education presentations, mostly to businesses. While this could be another source of revenue, it is not well accepted because of concerns that fees could undermine the goals of a department's prevention and education program.

With the advent of many fire departments providing emergency medical services many have begun to charge fees to recover expenses related to providing basic or advanced life support. Many of these agencies were already providing these services, which the private ambulance companies conveniently charged for. The United States fire Administration has found that "as the demand for EMS has increased, jurisdictions have begun to look for ways to offset some of the costs of operating EMS and the firefighting infrastructure that supports basic and advanced life support services" (FEMA, 1993, p. 40). EMS fees are divided into two types - rescue and ambulance transport fees. Many agencies that don't provide ambulance transport still may charge a fee for rescue services in order to recover the cost of supplies and personnel expertise. It appears though, that the most lucrative revenue source is in ambulance transport. Fire departments have discovered that they can supplement a large portion

of their revenue base through transport fees, and many times provide a higher level of service than the private ambulance companies. The largest payer of these fees is medical insurance companies and Medicare or Medicaid. An interview with Captain D. Hall (personal communication, November 16, 1998) the Westminster Fire Department EMS Officer revealed that for 1998 the department is projected to collect over \$1 million in ambulance transport fees. This is based on a 75% collection rate on approximately 2500 transports. Ambulance transport fees incorporate a wide range of fees including:

- Basic Life Support Treatment
- Advanced Life Support Treatment
- Mileage fee to the hospital
- Oxygen
- Spinal Immobilization
- Disposables

One concern with ambulance transport fees is that they can effect the people that may need an ambulance the most – the poor and elderly. These customers may not have the means to get to the hospital, let alone pay for the ambulance ride. Some departments have initiated subscription programs to help alleviate this concern. It is ironic that the “concept of subscriptions dates back to the early years of our nation, when firemarks on buildings indicated which fire service had been subscribed to, if any” (FEMA, 1993, p. 48). While the modern version of subscriptions still may be used for fire response, the new trend is for ambulance transport. Withers (1994) found that Springfield, Oregon Fire and Life Safety’s FireMed program was an example.

FireMed members use the ambulance service “free”. FireMed sends a bill directly to the member’s insurance company for payment whenever the service is used. Any amount not reimbursed by the insurance company is “written-off” – in effect covered by the annual membership fees (p. 12).

Departments that have used subscription programs have found they are a good source of steady revenue and also allow opportunity for departmental marketing.

An area that may be the next trend in fire service EMS is to charge inter-facility non-emergent transport fees. These fees would cover the cost of an “ambo-cab” service where patients are transferred between clinics or to return home. Due to the small number of fire agencies involved in this service the literature was fairly limited. However, Cheverie (1998) suggests “a logical extension of the EMS service would be to expand beyond providing emergency transports to providing inter-facility and non-emergency transports as well” (p. 26). As this type of ambulance transport becomes more popular and lucrative because of insurance contracts, it is likely that more fire departments will begin to provide this service.

Other EMS fees from the research were for EMS standby at events, Helicopter standby fees, and a driving under the influence (DUI) fee. This fee is collected by rescue agencies from convicted DUI offenders that have caused automobile accidents.

Cost recovery for fire response is limited except for subscription programs. However, response fees for special services like hazardous material, and technical or dive rescue are usually charged on an actual cost basis. These funds are used to pay for equipment and the expertise of technicians and specialists.

There are many other miscellaneous fees that fire departments are charging as a way to supplement revenue. Fees for such things as document preparation; training instruction, facility rental, and special event standby are all ways to increase revenue for services provided that are more than the basic call to 911.

User Fee Benefits

The obvious reason for implementing user fees is to generate additional revenue for the department. Fees are a way to bring in revenue without increasing taxes. For years the fire service has been thought of as a drain on local government finances instead of being a revenue generator. Berman (1997) found that “The funds a department “earns” makes it less dependent on the general revenue fund, which helps to insulate it from the scrutiny of politicians” (p.72). Tax limitation and budget shortfalls will continue to make fee collection even more important.

Another prime reason for developing user fees is fairness and equity. While all taxpayers support the basic services, user fees allow the actual user to pay for any special services. According to Starling (1998), user fees fall under the “benefits received principle” where the principle attempts to apply a free-market approach to the distribution of taxes. . .user fees for government goods force individuals to reveal their willingness to pay for these goods.

An important reason for user fees is to gain compliance and change behavior. In fire prevention, compliance in the inspection program can be gained quicker if the department charges for re-inspections. Wenke (1995) points out that fees “discourage contractors and businesses from taking fire inspectors’ time for granted, and to encourage speedy compliance” (p. 16). Oak Brook, Illinois found that after they

implemented a fee for false fire alarms they “noted a decrease in multiple responses to the same property for the same fire alarm malfunction” (Nielsen, 1995, p. 102).

Changing behavior not only can work in fire prevention, but also for EMS by reducing system abuse. While EMS fees “may not reflect the true cost of providing the service, it may serve as both a way to recover some costs as well as serve as a deterrent to misuse or abuse of the service” (Dean, 1995, p. 4).

It is evident that user fees are a helpful way to generate needed revenue but also accomplish some positive things in the process.

The public may benefit from a cost recovery from other ways also. If those who use the service pay for it, property and other broad based taxes should theoretically remain static or even drop. The public may also force a department to revise or dismantle programs it fails to patronize (Berman, 1997, p. 72).

User Fee Concerns

Law and ethics are two issues usually mentioned when people think of emergency response agencies charging for services. Civilians often ask how the fire department can charge for a service for which they already pay taxes. Elected officials and agency managers must respond honestly, explaining the differences between taxes and fees and describe their purpose and benefits (Berman, 1997). One thought is that, when a distinction is made between *basic services* and *advanced services* horizons can be broadened and the possibilities for serving government customers increases (Withers, 1994). It is assumed that taxes would cover the basic services such as fire suppression, whereas user fees would cover advanced services such as ambulance transport.

Much of the litigation involving user fees centers on whether a charge is an actual fee or a tax that has been disguised as a user fee. Withers (1994) states that, taxes are involuntary contributions to the community treasury designed to raise revenues. A user fee is a charge imposed upon persons or property in exchange for a particular government service. The United States Supreme Court has answered the question by establishing a three-part test to determine whether a charge is a user fee:

- Fee must be identified with a specific government service
- Payment must be voluntary – one must request the service in order for the government to impose the fee
- Service must directly benefit the person paying the fee (Withers, 1994)

Berman (1997) also found that “fees received mustn’t be collected with the purpose of raising revenue beyond the cost of the provided service” (p. 69). Again, user fees are not meant to be profitable, merely able to supplement revenue for providing a service.

Once legal issues have been satisfied, support from the community and the department’s policy-making board must be evident for success of the fee. Citizens that have turned down tax increases before don’t want to see the issue reborn as a user fee.

A fire department budget must reflect not only what the fire executive wants for monetary policy, but more importantly, it must reflect the policy that the citizens want. Certain budget priorities may sound very reasonable to the fire chief, while the community may have quite a different agenda (Waselchuk, 1997, p.14).

Knowing your community and the priorities of the citizens and policy makers is a must for the success of a user fee program.

“Communication is essential in determining whether fees for service will be accepted in a community” (Withers, 1994, p.6). Surveys, focus groups, and community meetings can be used to gauge public interest in user fees. One department found that they could use their department’s public information officer and local press to their advantage. The press can and does make news. . .every week a “success story” about satisfied customers or generated revenue was in the paper (Manion, 1996). Additionally, “great care must be taken not to alienate the department from the public because of perceived exorbitant fines and fees” (Waselchuk, 1997).

The department’s policy-making board must also be in support of the fee program. “It is critically important for the local government manager to communicate with the council or board. The possibility of service fees needs to be introduced to decision-makers early in the process” (Withers, 1994, p.6). Policymakers may have specific reasons whether or not to support fees and being open and up front with the policymakers will help solve issues early that may come up.

The same considerations must also apply to employees. “Local government leaders need to communicate with employees to be certain that they are at ease with charging for the services they render” (Withers, 1994, p. 6). At times this can cause an ethical dilemma for firefighters. They take a great deal of pride in the job they do and “collecting” money for services rendered isn’t always accepted. Employee support is critical for presenting clear and accurate information to the public, which is the key to success of any fee program; without their support, the public’s confidence will be undermined (Berman, 1997).

Establishing a billing program can be a hurdle that the department will have to contend with. Some agencies elect to handle the billing in-house with department employees whereas; others elect to contract this out to a private business that specializes in this type of billing. Municipal departments may be able to utilize existing city personnel that are already involved in billing for other municipal fees, such as water bills and court fees. Regardless of who actually bills the responsible party, the government must establish procedures for collecting billing data along with administrative and accounting procedures for personnel, bill processing, and internal control (Berman, 1997).

The literature review was used to research and understand the definition of user fees and discover what types of user fees other fire departments are utilizing nationally. In addition, the benefits and concerns of user fees was an important aspect of this review.

PROCEDURES

The goal of this research was to determine what is a user fee, what types are being assessed by other fire departments, what are the benefits and concerns of user fees, and how can the Westminster Fire Department expand its user fee program. The research was descriptive in that a literature review was conducted through the Learning Resource Center at the National Fire Academy where a number of fire service authors had written on the subject. Additionally, the author's home and departmental libraries were also used.

The research was evaluative in that a survey (Appendix A) was conducted to assess fees and fee structures from other fire departments in Colorado. The survey

consisted of general background questions along with a separate checkbox section on actual fees. These fees were divided into the following areas:

- Emergency Response
- Emergency Medical
- Fire Prevention
- Public Education and Training
- Special Teams
- Subscription and Membership Fees
- Impact Fees

The survey results (Appendix B) were compiled onto a spreadsheet for ease of review.

Survey Population

The survey was mailed to fifty-five fire departments in Colorado. The majority of these departments were from the Colorado Front Range area where the state population is concentrated, and is the same general area as the author's department. Departments were given three weeks to return the survey either by mail or fax. A total of 32 surveys were returned effecting a 58% return rate.

A brief interview was also conducted with Westminster Fire Department EMS Officer Doug Hall; to ascertain some specific information related to Westminster's ambulance transport system.

Assumptions and Limitations

The author only surveyed fire departments in Colorado and specifically along the Front Range. Research revealed that user fees are easier to justify if neighboring jurisdictions are also assessing the same type of fees. In addition, the departments

were thought to be progressive organizations that would be more inclined to provide additional fee-based services. It is assumed that a national survey of similar type departments would have revealed equivalent results.

RESULTS

Answers to Research Questions

Research Question 1. The research revealed the criteria to define a user fee.

This definition can be answered legally through the three-part Supreme Court definition or simply as “user fees are charges for voluntarily purchased services that benefit specific individuals” (Withers, 1994, p. 4). The author discovered a variety of different types of user fees that other departments were using nationally and specific detail at the state level. The Guide to Funding Alternatives for Fire and Emergency Medical Service Departments (FEMA, 1993) lists the most common type of user fees as falling into these categories:

- Fire prevention fees i.e. permit fees, inspection fees, plans review fees and false alarm fees.
- Emergency Medical Service (EMS) and transport fees
- Fire suppression and rescue fees.
- Cost recovery for routine fire and hazardous materials response.
- Standby and fireguard fees
- Special services
- Training fees

The fee survey that was conducted among Colorado fire departments was even more helpful in determining which fees are the most popular in the author’s

geographical area. The survey showed that the Colorado departments followed the norm of fire prevention and ambulance transport fees as the most popular. An unexpected finding was that Westminster's fee program was fairly similar to a majority of the departments represented in the survey. The author expected to find that the department didn't charge for as many services, but instead found Westminster only lacking in a couple areas.

Research Question 2. The literature review established four main benefits of user fees.

- Generate Revenue
- Gain Compliance
- Change Behavior
- Equitable

Being able to generate revenue is a prime reason that local governments elect to establish user fees in order to provide services. Most agencies probably don't think about the other positive aspects of charging these fees. However, gaining compliance and changing behavior are user fee benefits that a fire department can use to strengthen its fire prevention program or emergency medical system. Finally, user fees provide a measure of fairness to the community by charging the customer for the service they receive. While every resident does indeed pay taxes for basic services, many user fees are used to supplement the specialized services, such as ambulance transport and hazardous material response.

The research identified user fee concerns in the following categories:

- Ethics
- Legal
- Political Support
- Community Support
- Billing

History has answered many of the ethical and legal concerns through business competition and legislation. The Supreme Court has established a three-part definition of a user fee as:

- Fee must be identified with a specific government service
- Payment must be voluntary – one must request the service in order for the government to impose the fee
- Service must directly benefit the person paying the fee

Departments that are considering a user fee program should ensure that the fees fit these criteria.

Research showed that the best way to gain political and community support was to maintain open and honest communication with citizens and the policymakers of the organization. “Building public support for difficult financial decisions is a marketing challenge” (Benest, 1998, p. 3). Being able to show the purpose of the fee, its use, and where the money will go are ways that can improve an agencies chance of fee acceptance and support.

Billing concerns depend on which type of billing program the department elects to use. Fire departments establishing new fee programs may elect to contract the billing

aspect to an outside vendor. Municipal fire departments may be able to utilize existing billing personnel in the city organization that are already billing for such things as water bills and court fines. Lastly, a department may elect to hire its own billing personnel and perform this function in-house. While this system has the most control, it also has the highest amount of liability and legal issues to contend with in order to perform smoothly and efficiently.

Research Question 3. Berman (1997) found that to “sell user fee programs, one must explain that they’ll be used to offset the costs of providing that service. If it’s done correctly opposition will be limited” (p. 71). “Selling” a user fee program or as in Westminster’s case of expanding an existing one, depends upon open communication and marketing. These are the key for the main stakeholders – the public, policymakers, and departmental employees. The survey revealed only four out of thirty-two departments market their fees however, six departments also noted that they had fees that were unacceptable, either politically or with their citizens. It is unknown whether these departments elected not to market fees because they didn’t see the need or because the departments aren’t familiar with marketing concepts.

DISCUSSION

Fire departments that rely on taxes as their sole revenue source will have a difficult time providing additional services or even maintaining their current ones. Many departments that have been “stung” by tax limitation or budget reductions have already recognized this. The answer to these concerns lies in the philosophy that government needs to be more like business and less like government of old. Today, competition is appearing and increasing between units of government and private business.

Competition for customers is pitting business against business, business against government, and government against government (Withers, 1994). In response, government needs to create ways to generate revenue and supplement taxes in order to maintain and improve service for the customer.

The majority of the literature for this research was related to alternative funding in general. Most of the authors took a broad view of identifying various funding choices and their use in the fire service. After reviewing the literature the author elected to focus on user fees in order to answer the problem statement established at the beginning of the project. The author was able to locate two authors, Berman and Withers that concentrated a large part of their information on fees. Their material helped the author focus on user fees as a superior revenue source for the Westminster Fire Department.

The descriptive research compelled the author to conduct a survey of fire departments in Colorado to ascertain specific information on user fees of neighboring departments. The survey was very helpful in giving a “close to home” look at other fire departments fee programs.

The study revealed that Westminster Fire Department’s fee-program is similar to many departments in the area. However, it did reveal areas that could be expanded in order to generate additional revenue in light of the anticipated sales tax decline. The department’s current fees are well accepted politically and by the community, but any new fees would be expected to gain acceptance before implementation. The employee group has recognized that the department needs to operate more like a business in order to maintain or expand services for the future. User fees can afford the department this opportunity while providing fairness to the taxpayer and the customers.

RECOMMENDATIONS

Fire departments that decide to utilize alternative funding usually make this decision out of necessity to maintain services. For departments that are struggling in a tax limitation environment alternative funding may be the key to survival. Departments that are expanding because of a healthy economy may also look at user fees for equity reasons. User fees can be the answer for both scenarios. "With the growing demand for monies, lack of public support for additional taxes, and increased demands for specialized services, the fire service executives must decide if fee based services is an effective tool for the management of current and expanded fire service demands" (Manion, 1996, p. 8). User fees can generate needed revenue, help gain compliance, change behavior, and effect a sense of fairness for services.

For Westminster, utilizing and expanding fees is a way to answer city administrations request to evaluate alternative funding ideas in preparation for an anticipated sales tax downturn. The research has defined the benefits and concerns of user fees, but also generated some ideas for the future. Specifically, Westminster needs to create a process of evaluating which of the fees to pursue, and then plan a system of implementation. After reviewing the survey data the author is recommending the department expand its fee program to include fees for re-inspections and false fire alarms. These two areas are important in light of the significant amount of commercial growth that the City has experienced. Implementing a non-emergent inter-facility transport system is also a concept with merit. Coincidentally as the author was finalizing this research project the City Manager requested the department study this concept. Any proposal will require planning and open communication with the

community, city administration, City Council, and the employee group. Martin (1995) reminds us that, "An alternative funding program opens other doors for the fire department to interact with its citizens and show the wide array of services which are provided" (p. 16). User fees shouldn't be looked at just as ways to generate revenue but rather a way to provide customers the highest quality service possible.

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Westminster Fire/Rescue Fee Survey

Department: _____ Population Served: _____

Type: Paid _____ Volunteer _____ Combination _____ Number of Personnel _____

Does your department charge any user, impact, or subscription fees? Yes _____ No _____

If NO, stop here and fax or mail your response to the location listed on the cover letter.

If YES, please continue and check which services you charge for and their amount.

User Fee Type:

Fee Amount

Emergency Response:

_____ Fire	_____	(Do not include transport fees)
_____ Rescue	_____	
_____ Hazardous Material	_____	
_____ DUI Caused Accident Fee	_____	
_____ Co-Response with Private Ambulance	_____	
_____ Other _____	_____	

Emergency Medical:

_____ BLS Treatment/Transport	_____
_____ ALS Treatment/Transport	_____
_____ Treatment/No Transport	_____
_____ Helicopter Standby	_____
_____ Mileage Fee	_____
_____ Disposables	_____
_____ Oxygen	_____
_____ Spinal Immobilization	_____
_____ Special Event Standby	_____
_____ Other _____	_____

Fire Prevention:

_____ Company Inspections	_____	# of Free responses allowed? _____
_____ Re-inspections	_____	
_____ Technical Inspections	_____	
_____ Special Event Standby (fire watch)	_____	
_____ False Fire Alarms	_____	
_____ Plan Review	_____	
_____ Permit Fee (Code-Based)	_____	
_____ Permit Fee (Non-Code Based)	_____	
(Please List _____)		
_____ Other _____	_____	

User Fee Type (con't):**Fee Amount**

Public Education and Training:

<input type="checkbox"/> Safety Talks	_____
<input type="checkbox"/> Fire Drills	_____
<input type="checkbox"/> Extinguisher Training	_____
<input type="checkbox"/> CPR Training	_____
<input type="checkbox"/> First Aid Training	_____
<input type="checkbox"/> Facility Rental	_____
<input type="checkbox"/> Other _____	_____

Special Teams:

(HazMat, Technical Rescue, Dive Team, Fire Investigation, etc)

<input type="checkbox"/> Response Fees	_____
<input type="checkbox"/> Equipment Replacement	_____
<input type="checkbox"/> Personnel Costs	_____
<input type="checkbox"/> Other _____	_____

Subscription Fees:

<input type="checkbox"/> Fire	_____
<input type="checkbox"/> Emergency Medical	_____
<input type="checkbox"/> Other _____	_____

Impact Fees:

<input type="checkbox"/> New Development	_____
<input type="checkbox"/> Other _____	_____

Who handles your billing? Department _____ Other Department _____ Outside Contractor _____

What is your collection rate? _____ %

Have any of these fees been politically sensitive or unpopular? If so which ones?

Did you market any of these fees prior to establishing them? If so which ones?

Is your population base stable? Yes _____ No _____ If NO, what % does your annual population increase? _____ %

Is this population change due to employment centers, educational institutions, or entertainment areas? Yes _____ No _____

Do you have any special fees that you assess because of these increased population areas? Please list _____

Would you like a copy of the survey results when completed? Yes _____ No _____

Thank you for completing this survey. Please return by October 31, 1998.

	Arvada	Berthoud	Boulder	Boulder Rural	Brighton	Castle Rock	Castlewood	Cherryvale
Population	120,000	12,000	96,000	25,000	32,000	18,000	100,000	25,000
Paid/Volunteer/Combination	Vol	Vol	Paid	Vol	Comb.	Comb.	Paid	Vol
# of personnel	200	52	85	50	50	60		80
User/Impact/Subscript.fees	No	Yes	Yes	Yes	No	Yes	Yes	Yes
Bill-Dept/Oth Dept/Contractor			Department	Department		Contractor	Contractor	Department
Collection Rate			HM 40%, F/A 45%	75%		76%	90%	?
Sensitive or unpopular fees						No	No	?
Fees marketed						No	No	In tax district
Population base stable? %			Yes	Yes		No, 7%	No, 5-7%	No,3%
Population change						Partial	Yes	No
Fees for pop. Change			Dev. Excise Tax	No		No	No	No
USER FEE TYPE								
EMERGENCY RESPONSE								
Fire								Nonres 300/hr/app
Rescue								Nonres 100/call
Hazardous Material			Eng-\$150/hr			Actual cost		
DUI Accident Fee								
Co-Response w/Priv Amb								
Other						Auto rescue		
EMERGENCY MEDICAL								
BLS Treatment/Transport				\$100/NonRes		\$400res/\$500nr	\$325	
ALS Treatment/Transport						\$400res/\$500nr	\$325	
Treatment/No Transport						\$150als/\$50bls		
Helicopter Standby								
Mileage Fee/Disposables						\$8/mile	\$7	
Oxygen						\$40	\$30	
Spinal Immobilization						\$45	\$40	
Special Event Standby			Eng-\$150/hr			1st hr \$100/als, \$60bls	salary reimb	
Other							IV - \$30	
FIRE PREVENTION								
Company Inspections								
Re-Inspections						\$50-\$100	\$50	
Technical Inspections		\$30-\$75/hr						\$70/hr
Special Event (fire watch)							salary reimb	
False Fire Alarms			\$100-\$500			\$300		\$100
# Free Responses allowed			1 in 12 mos.			3		3/month
Plan Review		\$100-\$250				based on sq ft	based on sq ft	\$70/hr
Permit Fee (code)			\$10-\$30			\$50-200	\$62.50-\$125	
Permit Fee (non-code)								
Other		\$30/hr - special	FA/Spr \$30/test				\$50aft/hr insp	
PUBLIC ED/TRAINING								
Safety Talks/Fire Drills								
CPR/First Aid/Extinguisher Trg						15 CPR		
Facility Rental								
SPECIAL TEAMS								
Response Fees			wildland-per State			actual costs		
Equipment Replacement						actual costs	HazMat	
Personnel Costs			Overtime Rate			actual costs	HazMat	
SUBSCRIP/MEMB FEE								
Fire				NR\$450/hr/app				6.66 mill levy tax
Emergency Medical				NR\$100/patient				
IMPACT FEE								
New Development			based on value	\$70/hr Inspec.		\$21R/\$221K sqft com		

	Colo Springs	Denver	Edgewater	Englewood	Fairmount	Federal Hts	Foothills	Genesee	Golden
Population	320,000	500,000	4,500	30,000	12,000	11,000	6,000	3,770	16,000
Paid/Volunteer/Combination	Paid	Paid	Vol	Paid	Comb	Comb	Comb	Comb	Comb
# of personnel	398	900		57	30	57		34	
User/Impact/Subscript.fees	Yes	Yes	No	Yes	No	Yes	Yes	No	Yes
Bill-Dept/Oth Dept/Contractor	Department	Department		Contractor		Contractor	Department		Department
Collection Rate	95%	90%				65%	70%		60%
Sensitive or unpopular fees	Revoc perm	Yes, all		No		No	No		occasionally
Fees marketed	Yes			No		No	No		No
Population base stable? %	No, 1.3%	Yes		Yes		Yes	No		Yes, 1%
Population change	Yes						3%		
Fees for pop. Change	No					No			
USER FEE TYPE									
EMERGENCY RESPONSE									
Fire									\$60-\$324/hr/app
Rescue							\$105/hr/app		for out of city
Hazardous Material	\$99-\$244/hr						\$300/hr/app		
DUI Accident Fee							\$105/hr/app		
Co-Response w/Priv Amb									
Other							Extricate \$100/hr		
EMERGENCY MEDICAL									
BLS Treatment/Transport				\$275		\$330	\$250		
ALS Treatment/Transport				\$370		\$400	\$350		
Treatment/No Transport						\$75-IV	\$50		
Helicopter Standby									
Mileage Fee/Disposables				\$8		\$7.50	\$8		
Oxygen				\$35		\$40	\$30		
Spinal Immobilization				\$50		\$45	\$40		
Special Event Standby	\$32/hr								
Other				\$15 IV/\$40 EKG			\$5 Disposables		
FIRE PREVENTION									
Company Inspections									\$30/hr
Re-Inspections	\$35			2nd req \$42					\$30/hr
Technical Inspections	\$35	Occup.,size & type							
Special Event (fire watch)	\$32/hr								
False Fire Alarms									
# Free Responses allowed									
Plan Review	25% permit fee	Occup.,size & type				UBC			\$30-\$660
Permit Fee (code)	\$35-70			94 UBC		UBC	\$50		
Permit Fee (non-code)						UBC	\$35		
Other	\$35-Spec. Insp						Access Insp \$35		
PUBLIC ED/TRAINING									
Safety Talks/Fire Drills									
CPR/First Aid/Extinguisher Trg				\$25 CPR		\$15 CPR			
Facility Rental									
SPECIAL TEAMS									
Response Fees	HazMat								
Equipment Replacement	\$99-244/hr/app	actual cost					Rope \$200-\$500		\$30-\$75/hr
Personnel Costs							Replace Cost		
SUBSCRIP/MEMB FEE									
Fire									
Emergency Medical									
IMPACT FEE									
New Development		Station/Apparatus							

	Inter-Canyon	Lafayette	Louisville	Loveland	Lyons	Mtn. View	North Metro	No Washington
Population	5,000	20,000	22,000	75,000	5,000	30,000	135,000	51,000
Paid/Volunteer/Combination	Vol	Vol	Vol	Comb	Vol	Comb	Comb	Comb
# of personnel	60	42	41	100	40	100	125	71
User/Impact/Subscript.fees	Yes, No			Yes	No	No	Yes	Yes
Bill-Dept/Oth Dept/Contractor	Contractor	Other Dept	Other Dept	Other Dept		Dept	Dept	Contractor
Collection Rate		65%	100%	100%		90%	100%	60%
Sensitive or unpopular fees	Yes - tech rescue	No				All	No	
Fees marketed	Yes	No				No	No	
Population base stable? %	Yes	No	Yes	No		No	No	Yes
Population change		6%		2.50%			2-5%	
Fees for pop. Change		No	No			No	No	
USER FEE TYPE								
EMERGENCY RESPONSE								
Fire								
Rescue								
Hazardous Material		\$300/hr/app				\$35-200/hr/app		
DUI Accident Fee								
Co-Response w/Priv Amb								
Other								NR Auto Acc \$150
EMERGENCY MEDICAL								
BLS Treatment/Transport	\$250	\$300						\$325
ALS Treatment/Transport	\$250	\$300						\$400
Treatment/No Transport						\$75-NonRes		\$75
Helicopter Standby								
Mileage Fee/Disposables	Disposables \$25							M-\$8,Disp-\$20-30
Oxygen	\$25							\$30
Spinal Immobilization	\$10							\$45
Special Event Standby								
Other	Cardiac Monitor \$50							Monitor-\$30
FIRE PREVENTION								
Company Inspections								
Re-Inspections			\$35/hr	\$30/hr			\$30-\$50	\$25/hr
Technical Inspections								
Special Event (fire watch)				\$30/hr/person				\$20/hr
False Fire Alarms		\$300	\$300					150/apparatus
# Free Responses allowed		2-month	3 in 3 months					5
Plan Review	\$35,\$15-Re-visit		\$35/hr	Varies-Value		Value based	UBC based	\$420-\$3200+sqft
Permit Fee (code)			\$100				UBC Based	\$25-100
Permit Fee (non-code)								
Other			Fireworks \$150					Firewk Stnd \$1000
PUBLIC ED/TRAINING								
Safety Talks/Fire Drills								
CPR/First Aid/Extinguisher Trg	25/CPR, \$35/1st Aid		18 CPR	10 Exting.			\$30 CPR	
Facility Rental								\$200-300/day
SPECIAL TEAMS								
Response Fees	Tech Resc \$200/hr							
Equipment Replacement						actual cost		
Personnel Costs						\$15-35/hr		
SUBSCRIP/MEMB FEE								
Fire								
Emergency Medical								\$25/fam,\$150/bus
IMPACT FEE								
New Development								

	Poudre	South Adams	SW Adams	Union Colony	West Metro	Wheat Ridge	Westminster
Population	135,000	19,000	40,000	75,000	210,000	38,000	95,000
Paid/Volunteer/Combination	Comb	Vol	Comb	Comb	Paid	Vol	Comb
# of personnel	184		14	101		70	91
User/Impact/Subscript.fees	Yes, impact	No	Yes	Yes	Yes	Yes	Yes
Bill-Dept/Oth Dept/Contractor	Dept		Dept	Other Dept	Dept	Dept	Other Dept
Collection Rate	100%		75%			100%	75%
Sensitive or unpopular fees	No		No	Any			No
Fees marketed	No		No	No		Public Hearing	Yes - subscript.
Population base stable? %	No		Yes	Yes	No, 2%	Yes	No, 3.1%
Population change	No, 2.5%				No		Yes
Fees for pop. Change	No			No	No		No
USER FEE TYPE							
EMERGENCY RESPONSE							
Fire							
Rescue							
Hazardous Material	NR\$35-150/hr/app			Per state law	\$100/hr + personnel cost	Base on res&time	
DUI Accident Fee							
Co-Response w/Priv Amb							
Other							
EMERGENCY MEDICAL							
BLS Treatment/Transport					R \$400,NR \$455		\$330
ALS Treatment/Transport					R \$500,NR \$555		\$400
Treatment/No Transport							\$75
Helicopter Standby							\$35
Mileage Fee/Disposables					\$9		\$7.50 - mile
Oxygen					\$50		\$35
Spinal Immobilization					\$45		\$45
Special Event Standby					Negotiated		
Other					IV \$30		
FIRE PREVENTION							
Company Inspections					\$25		
Re-Inspections					\$100		
Technical Inspections	\$25/hr						
Special Event (fire watch)			\$35/hr	20/hr	\$35/hr/person		OT rate/person
False Fire Alarms				\$50	\$100-700	\$250	
# Free Responses allowed				5	3	10	
Plan Review	Project size			\$50-325/R .125-.25/sqftC	\$50-\$70+\$7/\$1k over 5k val.	no fee	\$65% Permit fee
Permit Fee (code)	\$10-25			Firewks stand \$1000	\$10-50		FP % of value
Permit Fee (non-code)			Frwks std \$1000	Burn permit \$10	\$50-200 for hazmat		\$35 general
Other	Firwk Stnd \$200				\$700-fal rep/\$50/hr exp wit		
PUBLIC ED/TRAINING							
Safety Talks/Fire Drills							
CPR/First Aid/Extinguisher Trg							Materials
Facility Rental			\$275/day				\$100/day tower
SPECIAL TEAMS							
Response Fees					\$800-2400/4 hrs		
Equipment Replacement	actual cost						actual cost
Personnel Costs							actual cost
SUBSCRIP/MEMB FEE							
Fire							
Emergency Medical							\$15 Ind \$30 Fam
IMPACT FEE							
New Development	\$44-\$181 sq ft						